



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL

200 PORTLAND STREET
BOSTON, MASSACHUSETTS 02114

TOM REILLY
ATTORNEY GENERAL

(617) 727-2200
<http://www.ago.state.ma.us>

April 30, 2002

Sent via e-mail, U.S. Mail, and/or hand-delivery

Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Verizon's Reduced Switching and Transport Charges, D.T.E. 02-26

Dear Ms. Cottrell:

On April 10, 2002, Verizon filed with the Department a tariff reducing rates for local switching and transport charges, effective May 10, 2002. The tariff rates are identical to the charges Verizon has proposed in the Department's UNE cost proceeding, D.T.E. 01-20. Verizon proposes that these rates become effective immediately, subject to "true-up" based on a final order in D.T.E. 01-20. In addition, Verizon has proposed reducing the charges for Unbundled Telephone Company Reciprocal Compensation and Unbundled TC Reciprocal Compensation to be equivalent to the proposed terminating local switching rate.

On April 17, 2002, the Department issued an Order of Notice seeking comments on whether the Department should suspend and investigate Verizon's proposed tariff revisions; let the tariff revisions go into effect as filed after the statutory time period; permit the proposed rates to become effective immediately; or take some other approach. The Attorney General submits this letter as his comment on Verizon Massachusetts' ("Verizon" or "the Company") April 10, 2002 rate filing.

Verizon proposes in its Filing to reduce its switching, transport usage, and reciprocal compensation rates by 40-75% below the current peak rates.¹ These reduced rates are identical to the rates Verizon proposed in its cost studies for D.T.E. 01-20. The revisions to M.D.T.E. Tariff No. 17 will take effect on May 10, 2002, unless suspended by the Department. G.L. c. 159, § 19.

¹ In D.T.E. 01-20, Verizon proposed to eliminate the peak/off-peak distinction and have uniform 24-hour rates.

The Department is “accorded broad discretion in allowing, suspending and investigating proposed changes to tariffs.” *NYNEX Third Annual Price Cap*, D.P.U. 97-67, p. 10 (1997) *citing* *NYNEX*, D.P.U. 95-83, at 13-14 (1995); *See also* G.L. c. 159, §§ 19 and 20; *Verizon Massachusetts’s Sixth Annual Price Cap Filing*, D.T.E. 00-101, Interlocutory Order (December 14, 2000), p. 9. The Department should allow Verizon’s rates to go into effect immediately without suspension subject to further investigation and the Department’s order in D.T.E. 01-20.² Good cause exists to allow the changes to go into effect immediately. G.L. c. 159, § 19. Allowing these reduced rates to go into effect immediately will lower the costs competitors incur in leasing UNEs from Verizon. This should, in turn, encourage more competitors to enter the local residential and business markets, which will benefit consumers derivatively by increasing consumer choice for service providers.

If the Department, instead, suspends the UNE rate reductions, Massachusetts consumers will not receive the derivative benefits of these UNE price reductions until the end of the statutory suspension period. Additionally, suspension would unfairly benefit Verizon by allowing the Company to lease these UNEs at prices that are not based on Massachusetts-specific cost studies, such as those examined in D.T.E. 01-20.

Therefore, the Attorney General urges the Department to allow Verizon to put its proposed rate reductions into effect immediately, subject to further investigation and pending the Department’s completion of its investigation in D.T.E. 01-20.

Sincerely,

Karlen J. Reed
Assistant Attorney General
Utilities Division
Office of the Attorney General
200 Portland Street, 4th Floor
Boston, MA 02114
(617) 727-2200

² All briefing has been completed in D.T.E. 01-20, and the parties await the D.T.E.’s final order.

cc: Paula Foley, Hearing Officer
Chris Hanifin, Choice One Communications
D.T.E. 01-20 Service List